rather more likely estimation scenarios entail losses many times higher: $225 million per month of delay for the A and B-bands and $35 million per month for the C-band.

Bargaining with Point to Point Microwave Users

8. PCS service rules provide that licensees must relocate microwave links with which their services interfere. There are about 4,500 such links in the U.S., affecting all six PCS bands, of which some 3227 affect the C, D, E and F bands. The rules provide commercial microwave users a 2-year voluntary relocation period followed by a 1-year mandatory relocation period. For public service entities there is a 3-year voluntary period followed by a 2-year mandatory period. Many microwaves users are now requesting payments of between $400,000 and $800,000 per link above and beyond the provision of comparable facilities to move before the mandatory deadline.

9. The sequential and multilateral nature of these negotiations makes it likely that bargaining will lead to a large amount of lost value for PCS licensees. Fearing that the first settlements will set a precedent for later ones, PCS providers are likely to resist initial demands for extra compensation, while microwave licensees have little or nothing to lose by delaying their relocation. Initial bargaining is therefore likely to be difficult, making costly delays probable.

10. If the rules governing microwave relocation allow the incumbents to extract premiums, bidders for the C, D, E, and F-bands will factor those premiums into their business plans as a cost of initiating service. For example, a company that expects to have to pay premium costs of $400,000 per link for 100 links to initiate service in some BTA will subtract the $40,000,000 in premium payments in calculating the value of the license. Its maximum price would be correspondingly reduced. Since it is the maximum price of the bidder with the second highest value that determines the auction price, the net result would be a $40,000,000 reduction in the price for this individual license. Assuming that the microwave licensee negotiates a premium payment of $400,000 to $800,000 per link in addition to the direct relocation costs and that the premium cost for each link is shared equally among the PCS licensees whose services would interfere, and recognizing that 3,227 links interfere with the C, D, E, and F-bands nationwide, I expect that the

total auction prices of the licenses in the C, D, E and F bands would be reduced by $930 million to $1.9 billion.[1]

Consumer Surplus Computations[2]

11. The largest cost of any delay in instituting PCS services would be borne by consumers in the wireless industry, for whom access to PCS services would be delayed and who would pay higher prices for cellular services due to the absence of PCS competition. Estimates of the loss of consumer surplus per month from delayed entry depend on assumptions about the nature of competition and the effectiveness of regulation in the industry, as well as on forecasts of demand. However, even the most rough-and-ready estimates show that the cost is very large. Currently, cellular service is provided by what is essentially a duopoly. If the introduction of the PCS A and B-band competitors into the wireless services market led to price reductions of just 10% with no consequent expansion in demand it would still increase consumer surplus by an amount equal to 10% of the existing industry revenues. As of the summer of 1994, annualized industry revenues amounted to approximately $6.5 billion,[3] leading to an estimated gain for consumers of $650 million per year. Similarly, if entry of the C-band provider led to price reduction of 2%, the estimated gain for consumers would be $130 million per year.

12. The preceding estimates, however, are probably too low. Because even conservative assumptions about demand can lead to very large estimates of the loss of consumer surplus from delayed entry, I have constructed my estimates using conservative assumptions about demand. First, despite the persistent growth of demand recently experienced and forecast by almost every pundit, I assume that the scale of the wireless market is fixed at the level attained in the summer of 1994. Second, despite estimates which show that demand for wireless services has tended to be quite

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[1]This calculation uses information supplied by Pacific Bell Mobile Services about which particular PCS bands would interfere with each particular microwave links.

[2]These calculations incorporate and extend the ones in my statement to the FCC of May, 1995.

[3]*The Wireless Communications Industry*, Donaldson, Lufkin & Jenrette, Winter 1994-1995.

inelastic, I assume that wireless service demand has unitary elasticity, which is the average elasticity for all products in the economy.[4] Third, in order to focus on the beneficial effects of competition for consumers, I assume that there is an absence of regulation that either raises or depresses prices. Finally, I assume that the parties have equal costs and engage in Cournot competition, which is a moderate and widely used specification of the intensity of competition among wireless providers.

13. With these assumptions, the eventual effect on consumer surplus of increasing the number of competitors in a market from two to four – the entry of the PCS A and B-band licensees – would be a fifty percent (50%) increase in the volume of wireless calling, a thirty three percent (33%) reduction in the prices of wireless services, and an increase in consumer surplus of approximately $2.7 billion per year. The entry of a fifth competitor, the C-band licensee, would increase volume by an additional seven percent (7%) and lower prices by an additional six percent (6%) leading to an increase in consumer surplus of approximately of $420 million per year. Delaying the day when these new entries occur amounts to delaying the time at which consumers first begin enjoying this enormous benefit.

14. The preceding calculation has assumed that the market adjusts immediately to the entry of new competitors and that the size of the market at the time of entry is the same as its current size. More realistically, we would expect a delayed adjustment and a growing market. If, as expected, the rate of growth in the relevant future period exceeds the real rate of interest, then accounting for both of these effects would further increase the consumer surplus estimates.

15. It is most likely that, if the rules remain unchanged, both of the kinds of costs described in this memorandum will be incurred. There will certainly be a loss of auction revenue to the

[4] In an affidavit to the Commission dated September 14, 1994, Professor Jerry Hausman estimated the price-elasticity of demand to be -0.402 with a standard error of .155. As the customer base for wireless services expands, demand may become more elastic. Since more elastic demand leads to lower estimates of the additional consumer surplus from increased competition, I have used such an estimate here.

government amounting to hundreds of millions, or perhaps billions of dollars. In addition, there will probably be a loss of consumer surplus amounting to hundreds of millions of dollars.

Respectfully submitted,

Paul Milgrom

Paul R. Milgrom

CTIA Clarification to the following calculations of Paul R. Milgrom

(Revised 15 September 1995, Timothy Rich, CTIA)

In his September 1, 1995, Statement, Professor Milgrom describes the costs to consumers resulting from delays in PCS deployment. Milgrom bases his assumptions on CTIA data, which were reprinted in Donaldson, Lufkin & Jenrette's Winter 1994-1995 *The Wireless Communications Industry*. In calculating his "Consumer Surplus Computations" (*See pgph. 11)*, Milgrom uses a $6.5 billion figure for "annualized industry revenues."

CTIA data actually reveals that, in 1994, the wireless industry realized $14.23 billion in annual service revenues. Professor Milgrom did not include six-month revenues of $7.71 billion for the last six months of 1994.

Using the same methodology as Professor Milgrom, CTIA has determined that the A&B block PCS licensees will contribute an annual gain of $1.423 billion to consumers. This is a revised estimate from the $650 million estimate made by Professor Milgrom in his following Statement.

Similarly, C block PCS licensees will increase annual consumer surplus by $284 million, not $130 million.

CTIA agrees with Professor Milgrom that these are conservative estimates.

stand with me in protecting what is important to our country. I urge you to vote to save the COPS Program.

LEGAL SERVICES TO NATIVE AMERICANS

Mr. INOUYE. Mr. President, I seek a few moments in order to seek clarification from my esteemed colleague, the senior Senator from Alaska, with regard to language that is contained in an amendment proposed by my colleague. When the Subcommittee on Commerce, Justice, State and the Judiciary met to consider H.R. 2076, the appropriations bill for fiscal year 1996, Senator STEVENS proposed an amendment to the amendment proposed by the esteemed chairman of the full committee, Senator HATFIELD, relating to the provision of legal services as it affects Native American households.

Mr. STEVENS. Mr. President, my amendment, which was adopted by the Subcommittee on Commerce, Justice, State and Judiciary on September 7, 1995, provides that in States that have significant numbers of eligible Native American households, grants to such States would equal an amount that is 140 percent of the amount such states would otherwise receive. My amendment was necessary in order to prevent a serious reduction in legal services to Native Americans. Under current law, there is a separate, additional appropriation for legal services to the Native American community. The Legal Services Corporation is also given the flexibility to allocate additional resources to States like Alaska, which experience increased costs due to the difficulty of providing legal services to remote populations, many of which are comprised of Native Americans. Given the fact that the Legal Services Corporation, including the separate Native American appropriation, was eliminated the committee's bill, my amendment was necessary in order to ensure the continued provision of legal services to the Native American community.

Mr. INOUYE. Mr. President, I wish to express my deep appreciation to my colleague from Alaska for his efforts in this area, and for recognizing that the significant needs for legal assistance in Native American communities span a broad range of issues, from housing and sanitation to health care and education. In my own State of Hawaii, Native Hawaiians comprise less than 13 percent of the population," but represent more than 40 percent of the prison inmate population. Native Hawaiians have twice the unemployment rate of the State's general population and represent 30 percent of the State's recipients of aid to families with dependent children. Over 1,000 Native Hawaiians are homeless, representing 30 percent of the State's homeless population. Native Hawaiians have the lowest life expectancy, the highest death rate, and the highest infant mortality rate of any other group in the State. Moreover, they have the lowest education levels and the highest suicide rate in Hawaii.

Mr. President, in my State, we have the Native Hawaiian Legal Corp. [NHLC], a nonprofit organization established to provide legal services to Native Hawaiian community. NHLC has a 20 year history of providing exemplary legal assistance to Native Hawaiians, and it has long been affiliated with the Native American Rights Fund. Fifteen percent of NHLC's annual funding comes from the Native American portion of the Legal Services Corporation budget. It is my understanding that the language proposed by my esteemed colleague from Alaska is to ensure the continued provision of legal services to Native Americans that are currently being provided through a separate Native American allocation of the funding provided to the Legal Services Corporation. My question of my colleague from Alaska is whether it is his intent that Native Hawaiians would continue to be eligible to receive funds appropriated for the provision of legal services under your amendment, consistent with the current situation under the Legal Services Corporation?

Mr. STEVENS. I thank the Senator for his earlier comments. My colleague from Hawaii, in his capacity as the former chairman of the Indian Affairs Committee, has traveled many, many times to my State of Alaska, and I know that he has come to appreciate the very difficult circumstances under which the vast majority of our native villages live. I know the challenges the Senator from Hawaii faces in trying to meet the needs of native communities in the State of Hawaii, and I therefore understand full well his desire to clarify the meaning of "Native American households". When I proposed this language, it was my intention to ensure that those Native American communities, including native Hawaiian households, currently being served by the Legal Services Corporation would continue to have access to legal services under the block grant approach proposed by Senator HATFIELD. Have I sufficiently addressed my colleague's concerns?

Mr. INOUYE. Mr. President, I wish to thank my colleagues from Alaska, for clarifying this matter for me. I am certain that the native Hawaiian community will be most appreciative of the Senator's clarification.

ABUSES INVOLVING MICROWAVE INCUMBENTS

Mr. BREAUX. I would like to raise an issue that has become of concern to several members of this committee on both sides of the aisle.

Previously, as chairman of this committee and of the Appropriations Subcommittee, the Senator from South Carolina was instrumental in establishing spectrum auctions for new PCS services, and was a guiding force on developing the rules that were adopted by the FCC governing relocation of microwave licensees out of this spectrum.

He is aware, as we have discussed, that certain enterprising individuals have recruited a number of microwave incumbents as clients and now seem to be manipulating the FCC rules on microwave relocation to leverage exorbitant payments from new PCS licensees.

I am advised that if this practice continues unchecked, more and more microwave incumbents are likely to employ these unintended tactics. More importantly, it will reportedly devalue spectrum in future auctions to the tune of up to $2 billion as future bidders factor this successful gamesmanship into their bidding strategy. Previously scored revenue for deficit reduction will be unfairly diverted instead into private pockets.

Would the Senator agree with me:

First, that this type of gaming of relocation negotiations was unintended, is unreasonable, and should not be permitted to continue unchecked;

Second, that the affected parties should attempt to agree on a mutually acceptable solution to this problem;

Third, that if an acceptable compromise cannot be brought forth by the affected parties within a reasonable time period, then either Congress or the FCC should address this matter as quickly as possible with appropriate remedies?

Mr. HOLLINGS. I thank my colleague for raising this issue. As he noted, I offered an amendment on the State, Justice, Commerce Appropriations bill in 1992 on this issue. The electric utilities, oil pipelines, and railroads must have reliable communications systems. The FCC initially proposed to move these utilities' communications systems from the 2 gigahertz band to the 6 gigahertz band without ensuring that the 6 gigahertz band would provide reliable communications.

My amendment, which the FCC subsequently adopted in its rules, guaranteed that the utilities could only be moved out of the 2 gigahertz band if they are given 3 years to negotiate an agreement, if their costs of moving to the new frequency are paid for, and if the reliability of their communications at the new frequency is guaranteed.

Now I understand that some of the incumbent users may be taking advantage of the negotiation period to delay the introduction of new technologies. It was certainly not my intention to give the incumbent users an incentive to delay moving to the 6 gigahertz band purely to obtain more money. I agree with my friend that the parties involved in this issue should try to work out an acceptable solution to this issue. If the parties cannot agree to work out a compromise, I believe that Congress or the FCC may need to revisit this issue.

WOMEN'S BUSINESS PROGRAMS

Mrs. HUTCHISON. Mr. President, I would like to address an important portion of the Hatfield amendment, preservation of Small Business Administration funding for women's business programs.

I believe the issue of women in business needs to be placed in the clearer context.

AGREEMENT

This Agreement ("Agreement") is made on and as of September 28 1995 by and among AT&T Wireless Services, Inc., a Delaware corporation ("AT&T Wireless"), Wireless Co., L.P., a Delaware limited partnership ("Wireless Co"), PhillieCo, a Delaware limited partnership ("PhillieCo"), PCS PrimeCo, L.P., a Delaware limited partnership ("PrimeCo"), and GTE Macro Communications Service Corporation, a Delaware corporation ("GTE") (hereinafter referred to as "Party" or "Parties").

RECITALS

WHEREAS, the Parties hold PCS licenses to provide telecommunications services in certain MTAs; and

WHEREAS, the operation of the PCS systems will require the relocation of Incumbent microwave service providers who currently operate in such MTAs; and

WHEREAS, the FCC requires that the Incumbent microwave service providers be reimbursed for their relocation costs; and

WHEREAS, the FCC has not established procedures for the allocation of such costs among the PCS license holders who benefit from the relocation of Incumbent microwave service providers; and

WHEREAS, the Parties wish to establish procedures to provide for the sharing of such relocation costs in those markets where they are benefitted, all subject to whatever rules or regulations may later be adopted by the FCC or other regulatory bodies;

NOW, THEREFORE, in consideration of the mutual commitments made herein, the Parties hereby agree as follows:

DEFINITIONS

"Co-channel" shall mean any situation where a part of a licensed PCS block (2 * 15 or 2 * 5 MHz) overlaps any part of the decommissioned link's previously licensed operating band (2 * 10 MHz or 2 * 5 MHz).

"FBS" shall mean a Fixed Base Station which is a stationary transmission node used for the broadcast to and reception of communications with stationary (fixed) mobile or non-stationary mobile radio users.

"FCC" shall mean the Federal Communications Commission, or any successor entity.

"Incumbent" shall mean the owner of a license to provide microwave service through a Microwave Link or a Microwave Network.

"Microwave Link" shall mean a point-to-point radio path established for the transmission and reception of microwave-based communication signals, here limited to 800 MHz to 40,000 MHz terrestrial point-to-point line of communications. Each Microwave Link is comprised of two end nodes, each node containing equipment used to accomplish the successful transmission and/or reception of microwave radio emissions towards and/or from the other node.

"Microwave Network" shall mean a set of contiguous nodes and Microwave Links (without fiber links) that interconnect pairs of nodes. A Microwave Network may consist of as few as two nodes and a single link, or may consist of multiple, interconnected links and nodes.

"MTA" shall mean a Major Trading Area which is a geographic boundary based upon the flow of commerce as defined by Rand-McNally as of January 1, 1995.

"PCS" shall mean Personal Communications Service, a wireless and other ancillary 2-way communications service licensed by the FCC and provisioned in the 1850 MHz - 1990 MHz band.

"Stranger Link" shall mean a Microwave Link operating wholly outside of the licensed A and/or B PCS bands of the Parties hereto, operating within the 1850 MHz - 1990 MHz band.

TERMS OF AGREEMENT

1. Cost Sharing Situations. Subject to the limitations set forth below, each Party agrees to share the payments necessary to relocate the Microwave Link of an Incumbent if:

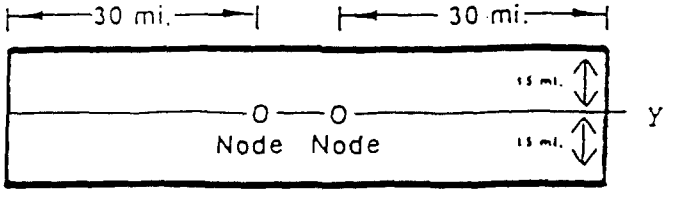
a. All or part of the Microwave Link is co-channel with the licensed A and/or B PCS band(s) of that Party and one or more other Parties;

b. Another Party has paid the relocation costs of the Incumbent; and

c. That Party turns on an FBS at commercial power and the FBS is located within a rectangle described as follows:

The length of the rectangle shall be x where x is a line extending through both nodes of the Microwave Link to a distance of 30 miles beyond each node.

The width of the rectangle shall be y where y is a line perpendicular to x and extending for a distance of 15 miles on both sides of x.



x

If the requirements of a, b, and c above have been met for one Microwave Link in a Microwave Network, a Party will incur cost sharing obligations pursuant to this Agreement for the entire Microwave Network (being moved as part of a single agreement), except that no obligation will exist for any Microwave Link where both nodes of that Microwave Link lie more than 50 miles beyond the boundaries of the MTA where the requirements of a, b and c were met.

2. Negotiations With Incumbent. Negotiations with an Incumbent may be conducted by any or all Parties (or their agents) who hold PCS licenses affected as described in Section 1.a. or 1.b. above. This Agreement does not cover joint simultaneous negotiations between an Incumbent and more than one Party, which negotiations shall not be requested by a Party, and shall not be held by any of the Parties unless requested by an Incumbent.

Unless requested by an Incumbent to do so, no Party shall inform any other Party that it is engaged in negotiations regarding relocation with an Incumbent, until after a binding written agreement providing for relocation is executed by the Party and the Incumbent.

3. Anti Fraud. In order to be eligible for cost sharing pursuant to this Agreement, costs must have been incurred in performance of a written agreement with an Incumbent, which agreement shall contain representations and warranties that the Incumbent has not already recovered costs for relocation of the Microwave Links in question, shall in the future not seek recovery of such duplicative costs, and will inform PCS license holders seeking relocation of such Microwave Links that relocation has already been arranged.

4. Shared Costs. Relocation costs that will be shared by the affected Parties shall consist of all payments actually made by a Party to an Incumbent, or to vendors or contractors providing goods or services which represent a direct cost of relocating the Incumbent's Microwave Link(s), in connection with relocation of an Incumbent's Microwave Link(s) as described in Section 1 above, including but not limited to the costs set forth in Exhibit 1 hereto. Such costs shall not include payments made to a representative of a Party acting on behalf of the Party to negotiate or otherwise arrange relocation.

If an affiliate with 30 percent or more common ownership of any Party seeking cost sharing provides any item included in cost sharing as detailed above, then recovery of such affiliate expenses shall be had to the extent that the affiliate has provided the same products and services to third parties at the request of such parties at the same market prices for which recovery is sought herein. If an independent market price does not exist, then the recovery shall be based on the lowest price for sales of identical products or services to non-affiliates in situations not covered by this Agreement or to an actual cost plus 15 percent return on invested capital associated with such products and services.

5. Allocation of Shared Costs. The relocation costs shall be shared equally, unless otherwise provided herein, by all Parties who hold PCS licenses that are impacted as described in Section 1 above, provided that such costs are justified as set forth below in Section 7.

6. Relocation of Another Party's Link(s). Costs will not be shared equally in the event that a party relocates a Microwave Link that is not co-channel with its own licensed A or B band but which is co-channel with the licensed A or B band of another party (or "second party") to this Agreement if within one (1) year of the final payment to the Incumbent or actual decommissioning of the Microwave Link, whichever is later, this second party meets the requirements of Section 1 with regard to the Microwave Link which is co-channel with its licensed A or B band. In this circumstance, the second party will be responsible for 75% of the relocation costs for the Link which is co-channel with its licensed A or B band.

7. Justification of Shared Costs. Justification of costs to be shared pursuant to sections 4, 5, 6, 8 and 9 shall be made in the manner set forth in this section and no party shall be obligated to share such costs unless such justification has been made. Total costs paid or payable to an Incumbent for any given relocation shall be justified among the affected Parties on a per-link basis as follows:

a. Up to and including $250,000. The Party making payment of such relocation costs and seeking sharing of such costs shall have the obligation to show that the payments were actually made to the Incumbent, or clearly for the benefit of the Incumbent and by agreement with the Incumbent, in connection with such relocation.

b. Over $250,000. The Party making payment of such relocation costs and seeking sharing of such costs shall provide documentation showing that the costs were reasonably necessary and reflect actual costs of relocation spent by the Incumbent, or clearly for the benefit of the Incumbent and by Agreement with the Incumbent, for relocation. Any costs above $250,000 that do not reasonably reflect actual costs of relocation, such as a premium to expedite early relocation, shall be the responsibility of the Party making the payment. The Party making the payment shall be responsible for obtaining backup documentation through its agreement with the Incumbent.

c. By way of example, if a Party pays $300,000 to an Incumbent for relocation, $200,000 of which is for actual relocation costs that are spent by the Incumbent, and $100,000 of which is a premium to secure early relocation, then the Party who pays for the Incumbent relocation shall be entitled to reimbursement of $125,000 of the $250,000 from the other affected Party, and shall be solely responsible for the remaining $50,000.

d. The Parties understand and agree that a Party seeking the sharing of costs for relocation of more than one Microwave Link within a single Microwave Network or more than one Microwave Link relocated pursuant to a single transaction or closely related transactions with a single Incumbent shall seek reimbursement using either the justification method described at Section 7.a or 7.b, but not both. If method 7.a is selected, the Party seeking reimbursement will not be reimbursed in an amount greater than $125,000 per Microwave Link, or $187,500 where Section 6 applies. If method 7.b is selected, the party seeking reimbursement shall provide documentation according to 7.b for all the Microwave Links in question whether or not the cost of relocating any individual link exceeds $250,000.

e. Interest, cost of money and depreciation will not be taken into account in determining relocation costs for cost sharing purposes except as set forth in Section 15 below.

f. The expenses for long-term leases of facilities that replace Microwave Links (e.g., fiber transport) may be paid by the negotiating party on a monthly basis. Any financial commitments associated with such long-term contracts for alternative leased facilities shall be discounted on a net present value basis using the applicable Federal Rate as defined in the Internal Revenue Code and/or Regulations over a ten-year view period. The calculation must be based on the actual terms of the contract. The result of the net present value calculation becomes the amount that is subject to sharing under sections a. and b. above.

g. The cost of relocating a Microwave Link that operates outside of the 1850 MHz to 1990 MHz band width shall be treated as a premium as described in this section.

8. Common Support Facilities. Relocation costs incurred for common support facilities at a node where more than one (1) Microwave Link terminates will be allocated equally among the Links, including Stranger Links, terminating at that node.

9. Stranger Links. Notwithstanding any contrary portion of this Agreement, a Party to this Agreement which moves a Stranger Link shall be entitled to recover cost sharing in the following manner. The cost of relocating the Stranger Links shall be distributed evenly to each Non-Stranger Link and be treated as a cost of moving that link for purposes of this Agreement and shall not automatically be considered a premium. Justification of Stranger Link Costs shall be made in the same way as set forth above in Section 7. Applicable justification methods, as described in Section 7.a and 7.b above, will be determined based on cost levels before allocation.

10. Cost Sharing Calculation Methodology. Cost sharing amounts shall be calculated in the following order:

a. A determination shall first be made as to whether amounts are properly reimbursable (i.e., actually spent, premium or non-premium pursuant to Section 7) and this amount will be calculated for each Link in question.

b. The cost of common support facilities will then be allocated pursuant to Section 8 above.

c. The cost of Stranger Links will then be allocated pursuant to Section 9 above.

Examples of Cost Sharing calculations are attached hereto as Exhibit 2. This Exhibit is part of the Agreement and in the event of a conflict between the terms of the main portion of the Agreement and the methodology used in Exhibit 2, the Exhibit 2 methodology shall control.

11. Reimbursement. In the event that any Party recovers additional funds intended as relocation cost sharing at a time after the original cost sharing contemplated by this Agreement has occurred, that Party will reimburse the entity or entities that previously shared costs for their proportionate share of the recovery. The net effect of this reimbursement will be, with the exception of the specific circumstances set forth in Sections 6 and 7, that at any given stage all Parties sharing in costs for a given link will have shared equally.

In the event that any Party receives funds intended as Microwave Link or Network relocation cost sharing before another Party or Parties pays cost sharing contemplated by this Agreement, the benefit of the funds received from the non-party will be shared on a proportionate basis with the affected Parties.

If an Incumbent challenges the adequacy of relocation facilities after cost sharing relating to those facilities has been requested and made pursuant to this Agreement, the Party that had received such payments will return the payments to the Party making them pending final resolution of the Incumbent's complaint at which time cost sharing may again be requested.

12. Notice of Relocation. To be eligible for cost sharing under this Agreement, a relocation must be made pursuant to an agreement with an Incumbent which includes a provision identifying a date by which the Incumbent shall have decommissioned its Microwave Link(s). Once the agreement with an Incumbent is executed, the party relocating the Incumbent will give notice to the other Parties of the relocation agreement identifying the Link(s) in question. This notice will be given one hundred eighty (180) days before the date identified in the agreement for decommissioning of the Incumbent's Link(s) or if the decommissioning is scheduled to occur in less than 180 days from the date of the agreement with the Incumbent immediately upon signing that agreement. Notice will be in the form attached hereto as Exhibit 3. The party relocating the Incumbent will also give notice to the other Parties within 30 days of the completion of the relocation. Notice will be in the form attached hereto as Exhibit 4.

13. Notice of Cost Sharing Responsibility. A Party shall within thirty (30) days of meeting the requirements set forth in Section 1 above give written notice to the Party which has previously paid the relocation costs of the Incumbent of the Microwave Link in question. The notice shall state that the conditions of Section 1 have been met and that the Party giving notice is now currently responsible for sharing of relocation costs. Each Party shall certify to all other Parties, during the last week of each business quarter, that the notifications required by this paragraph have been made and were complete and accurate. This certification shall include a listing of all Microwave Links for which the Party has acquired cost sharing responsibility during the quarter. Failure to make this certification or include a listing of each Link in question shall constitute a waiver of the right to contest the validity and calculation of a cost sharing request and this waiver shall include a waiver of any right not to pay a relocation premium. The waiving party will in other words pay its share of all relocation costs actually paid whether premium or not.

14. No Retroactivity. This Agreement shall not apply to, and shall not require, the sharing of any relocation costs incurred pursuant to any agreement signed prior to September 28, 1995.

15. Payment Schedule. The Parties shall invoice the appropriate Party or Parties for all cost sharing amounts for which a Party becomes responsible during a given calendar quarter within 30 days after the end of such calendar quarter. At the time of invoicing, documentation sufficient to justify the expenditures shall also be provided. The Parties may offset from each other any undisputed amounts owed for a given quarter, and shall make any net payment within thirty days after receipt of an invoice, to the extent that such charges are not disputed.

In the event that any charges are disputed, written notice as provided herein shall be provided within thirty days after receipt of the subject invoice, specifying each charge that is disputed and the reason(s) for rejection. Within thirty days after the end of each calendar year, the arbitration procedures provided below shall be instituted by the Party or Parties rejecting any request for reimbursement of any invoice received during the previous calendar year. Failure to initiate such arbitration procedure within the required time period shall constitute a waiver of all such claims, and payment shall be immediately due and payable. Any disputed or late paid amounts shall bear interest from the initial date due at the Citibank prime rate + 2%, compounded annually, if it is later determined that such charges are justified.

16. Term. The term of this Agreement shall be ten (10) years after the date of the Agreement stated above, unless extended in writing by the Parties.

17. Termination. A Party may terminate participation in this Agreement during the term of the Agreement two hundred seventy (270) days after written notice is provided to the other Parties.

Termination of the Agreement shall not affect any Party's obligation to share in relocation costs pursuant to any relocation agreement signed prior to the effective date of any termination.

18. Representations and Warranties. Each Party represents and warrants to the other Parties, which representations and warranties shall survive the execution of this Agreement and the consummation of the transactions herein contemplated, that:

a. it has full power and authority to execute and perform this Agreement;

b. the execution, delivery and performance of this Agreement has been duly authorized by all necessary action on the part of such Party and is binding and enforceable against such Party in accordance with its terms;

c. the execution, delivery and performance of this Agreement by such Party does not violate any provision of law, will not, with or without the giving of notice or the passage of time, conflict with or result in a breach of any of the terms or conditions of, or constitute a default under, any indenture, mortgage, agreement or other instrument to which it is a party or by which it is bound where such conflict, breach or default would have a materially adverse effect upon its ability to enter into or perform its obligations under this Agreement;

d. there are no actions, suits or proceedings pending against such Party, or to its knowledge threatened against such Party, which might have a materially adverse effect upon its ability to enter into or perform its obligations under this Agreement;

e. it is duly organized, validly existing, and in good standing under the laws of the jurisdiction of its formation.

19. Arbitration.

a. For reimbursement of costs. As provided above, any Party may institute arbitration procedures with regard to any request for payment that it believes is not justified under this Agreement. A copy of the notice initiating this procedure shall be sent to the following designated arbitration firm, or such other firm as is agreed upon in advance by all affected Parties:

JAMS / Endispute
700 11th Street N.W., Suite 450
Washington, D.C. 20001

The initial notice to the arbitrator shall include all documentation supporting the basis for rejecting the request for reimbursement, as well as a copy of this Agreement, and an explanation of the Party's position. Within thirty days thereafter, the other affected Party(ies) shall submit all documentation justifying their position and an explanation of their position. The arbitrator may obtain additional documentation from the Parties and/or retain an expert or experts to assist with resolving the dispute. Any arbitration hearing shall be limited to one day. The arbitrator shall render a decision within sixty days of the initial notice of arbitration. The Parties shall enter into such indemnification and other agreements as the arbitrator may reasonably request and shall otherwise cooperate fully with the arbitrator.

b. Other Disputes Related to the Agreement. Any other dispute related to this Agreement shall also be resolved by arbitration held through JAMS / Endispute, with the arbitration proceedings to be held in Washington, D.C. It is expressly agreed that if any portion(s) of this agreement is found unenforceable or invalid that the arbitration clause shall survive and that arbitration may include a claim of unjust enrichment of a Party.

c. General. For both arbitration procedures described above, any decision by the arbitrator shall be final and binding upon the involved Parties, without right of appeal, and may be entered as a judgment in any court having jurisdiction. The arbitrator shall require the Party(ies) who substantially lose to pay for the arbitrator's time and expenses, with each Party bearing its own costs and/or attorneys' fees.

20. Assignment. Each Party shall have the right, upon written notice to the other Parties, to assign this Agreement to an affiliate (an entity that it controls, is controlled by it, or is under common control with it), provided that such affiliate agrees in

writing to be bound by the terms of this Agreement, and provided that such assignment shall not relieve the assignor of its obligations under this Agreement. The assignor shall remain jointly and severally liable with the assignee for obligations incurred by the assignor and the assignee pursuant to this Agreement. A Party transferring all or substantially all of its assets shall assign its obligations hereunder as well, and also shall remain obligated hereunder. Otherwise, the Parties shall not have the right to assign their rights or obligations under this Agreement without the consent of the other Parties, which consent may be withheld for any reason or no reason.

21. Choice of Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware.

22. Notice. All notices or other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered, sent by prepaid overnight express service with evidence of delivery, or mailed by registered or certified mail, return receipt requested, postage prepaid, addressed to the following:

a. If to AT&T Wireless:

Vahé Gabriel
AT&T Wireless Services, Inc.
5000 Carillon Point
Kirkland, WA 98033

with a copy to:

John Thompson
AT&T Wireless Services, Inc.
5000 Carillon Point
Kirkland, WA 98033

b. If to PCS PrimeCo:

Teresa Reid
PCS PrimeCo, L.P.
6 Campus Circle
Westlake, TX 76262

with a copy to:

General Counsel
PCS PrimeCo, L.P.
6 Campus Circle

Westlake, TX 76262

c. If to WirelessCo:

Robert Stedman
Sprint Telecommunications Venture
9221 Ward Parkway
Kansas City, MO 64114

with a copy to:

W. Richard Morris
P.O. Box 11315
Kansas City, MO 64112

d. If to PhillieCo:

Robert Stedman
Sprint Telecommunications Venture
9221 Ward Parkway
Kansas City, MO 64114

with a copy to:

W. Richard Morris
P.O. Box 11315
Kansas City, MO 64112

e. If to GTE Macro Communications Service Corporation:

John Woodward
GTE Macro Communications
600 Embassy Row, Suite 500
Atlanta, GA 30328

with a copy to:

Assistant General Counsel - Business Development
GTE Macro Communications
245 Perimeter Center Parkway
Atlanta, GA 30346

Copies of all notices or other communications (which shall not constitute notice hereunder) shall be sent simultaneously to counsel designated by the Parties above. A

Party may change its address for notice by providing written notice according to the above procedure. The date of receipt of any notice shall be deemed to be the next business day following the date the notice is sent, or the date actually received, whichever is earlier.

23. Relationship. Nothing in this Agreement shall be construed to render the Parties partners or joint venturers or to impose upon any of them any liability as such. In addition, the Parties hereby acknowledge and agree they do not intend to create a partnership or association for federal or state tax purposes. Furthermore, the Parties acknowledge and agree that any negotiations with an Incumbent that, in fact, create a partnership or agency relationship among the Parties is beyond the scope of this Agreement. Additionally, this Agreement is limited to a sharing of expenses and no Party has any right to share in revenues or profits derived from another including revenues and profits from any Party's telecommunication licenses. The Parties may jointly agree to elect out of Subchapter K of the Internal Revenue Code ("IRC") pursuant to IRC Section 761(a) and the Regulations thereunder. For this purpose, the Parties, without prejudice to their position, agree that this Agreement is limited to a sharing of expense and they reserve the right to take in kind or dispose of any property produced, used etc. within the meaning of Treasury Regulation Section 1.761-2(a)(3)(ii).

The terms of this Agreement have been fully and jointly negotiated by the Parties with the assistance of their legal counsel and other experts as they have deemed appropriate. This Agreement shall not be construed for or against any Party due to its role in the drafting of the Agreement.

24. Entire Agreement. This Agreement constitutes the entire understanding between and among the Parties and supersedes any prior negotiations, understandings, or agreements regarding the subject matter hereof.

25. Modification. This Agreement shall not be changed, waived, released or discharged except by a writing signed by an officer or authorized representative of the Party(ies) that are bound thereby.

26. Binding Effect. Subject to the specific restrictions on assignment contained herein, this Agreement shall be binding upon and inure to the benefit of the successors and legal assigns of the Parties.

27. Further Assurances. The Parties shall execute and deliver such further instruments and perform such further acts as may reasonably be required to carry out the intent and purposes of this Agreement.

28. Severability. In the event any provision of this Agreement is held to be unenforceable, such unenforceability shall not affect any other provision hereof, and this Agreement shall be construed to the greatest extent possible as if such unenforceable

provision had never been contained herein, provided that the economic benefit of this Agreement to the Parties is not materially diminished.

29. Reformation. If the FCC should establish Incumbent microwave relocation cost sharing rules such that the FCC's required cost sharing plan would adversely affect the enforceability of this Agreement or the material benefits of this Agreement to the Parties, then the Parties hereto shall promptly negotiate in good faith to reform and amend this Agreement so as to eliminate or amend to make unobjectionable any portion that is the subject of any such FCC action. No Party shall make any proposal to the FCC that supports FCC action removing the material benefits of this Agreement. The Parties agree that a Party may approach the FCC concerning cost sharing by C, D, E and F band PCS licensees to the extent that any party has relocated or may relocate an incumbent's Microwave Link or network to the ultimate benefit of such C, D, E or F band licensee. Further, a Party may continue to support the public positions it has taken before the FCC or any other government body relating to microwave relocation costs.

30. Headings. All article, section and paragraph titles or captions contained in this Agreement are for convenience only and shall not be deemed part of the text of this Agreement.

31. Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the context may require.

32. Counterparts. This Agreement may be signed in any number of counterparts, each of which shall be an original for all purposes, but all of which taken together shall constitute only one Agreement.

33. Confidentiality. The Parties will not provide to each other any non-public business plans, competitively sensitive information or other information that might in any way hinder competition between the Parties or with any competitor of any Party.

34. Additional Parties. Other parties shall be permitted to join in the agreed sharing of relocation costs pursuant to this Agreement and effective as of September 28, 1995, provided that they do so within 180 days from September 28, 1995. Nothing in this Agreement shall prevent any Party from negotiating, on its own behalf, for cost sharing with any other entity.

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date hereinabove indicated.

AT&T WIRELESS

By: _____

Its: SCOTT I. ANDERSON
SENIOR VICE PRESIDENT

WIRELESS CO.

By: Robert Stedman
Its: Microwave Relocation Manager

PHILLIECO

By: Robert Stedman
Its: Microwave Relocation Manager

PRIMECO

By: _____
Its: _____

GTE

By: _____
Its: _____

WIRELESS CO.

By: _____
Its: _____

PHILLIECO

By: _____
Its: _____

PRIMECO

By: Ben J. Fluor
Its: PRESIDENT & CEO

GTE

By: _____
Its: _____

WIRELESS CO.

By: _____
Its: _____

PHILLIECO

By: _____
Its: _____

PRIMECO

By: _____
Its: _____

GTE

By: Donald M. Zee
Its: AVP, Network Engineering and Construction